

January 18, 2002

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne Brathwaite Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

## **STATE LEGISLATIVE UPDATE**

### **State Budget Update**

Yesterday, Department of Finance Director Tim Gage spoke at the Chief Administrative Officers Association of California (CAOAC) meeting in Sacramento. In addition to a good summary of the status of California's economy and the outlook for revenues and expenditures, he provided the CAOs with further insight into the Governor's thinking regarding the construction of the Budget. Specifically, he indicated that the Governor had five priorities that shaped the Budget. They were: education, public safety, children, protection of local government, and protection of taxpayers.

It is significant that for the first time in memory, a Governor has included counties and other local governments in the list of top Budget priorities. While this should be applauded, we can not be complacent. Significant portions of the Governor's proposals in the Budget and his list of November cuts are not receiving support from sufficient numbers of legislators. This places the Vehicle License Fee (VLF) "backfill" and other State funding for counties at risk. Thus, it is important that we work vigorously to ensure that funding for the County remains a top priority for our delegation, the Legislative leadership and the Governor.

Mr. Gage said that the proposal to defer the State contributions to the Public Employees Retirement System (PERS) and The State Teachers Retirement System (STRS) was of some concern to the Governor, and that it was likely that they would be looking for a substitute of the same magnitude.

Each Supervisor  
January 18, 2002  
Page 2

Mr. Gage also reported, and we have confirmed with both Houses of the Legislature, that there will be a joint hearing of the Senate Committee on Budget and Fiscal Review and the Assembly Committee on the Budget to obtain an overview of the Governor's Budget. The hearing will be at 2:00 p.m. on Tuesday, January 22, 2002, in Room 4202. Presentations will be made by representatives from the Department of Finance and the Legislative Analyst's Office.

Beginning on Thursday, January 24, 2002, the subcommittee of Senate and Assembly Budget Committees will begin hearings on SB 3X 1 by Senator Steve Peace. This measure contains the Governor's proposals for current year funding reductions. A similar bill will be introduced in the Assembly, but the current consensus is that the Senate bill will be the vehicle for the current year budget reductions.

The enclosure contains a list of reversions which the Department of Finance has sent to Legislative Leadership reflecting the Governor's November proposal for reductions in the current year. Among the many items proposed for reduction in SB 3X 1 are the following County projects:

FY 2001-02 Budget	
Del Amo Community Park	\$350,000
FY 2000-01 Budget	
Del Amo Community Park	\$886,500
Tujunga Urban River Restoration	\$4,925,000

### **Proposition 40**

Proposition 40, the Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Bond Act of 2002, will be on the March 5 ballot. If passed, the Proposition will provide \$2.6 billion statewide for projects, with the County receiving over \$60.4 million from per capita and earmarked allocations. There are also \$765 million for competitive grants in several categories. On January 28, 2002, the Trust for Public Land (TPL) and the California Coastal Conservancy are hosting a conference in Sacramento, where Proposition 40 will be the main topic. Appropriate departments have been notified about the need to identify eligible Proposition 40 projects, and the Sacramento conference.

Each Supervisor  
January 18, 2002  
Page 3

We will continue to keep you advised.

DEJ:GK  
JF:lm

#### Enclosures

c:     Executive Officer, Board of Supervisors  
       County Counsel  
       All Department Heads  
       Legislative Strategist  
       Local 660  
       Coalition of County Unions  
       California Contract Cities Association  
       Independent Cities Association  
       League of California Cities  
       City Managers Associations  
       Buddy Program Participants